



Director of
Central
Intelligence

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National Intelligence Daily

Saturday
28 May 1988

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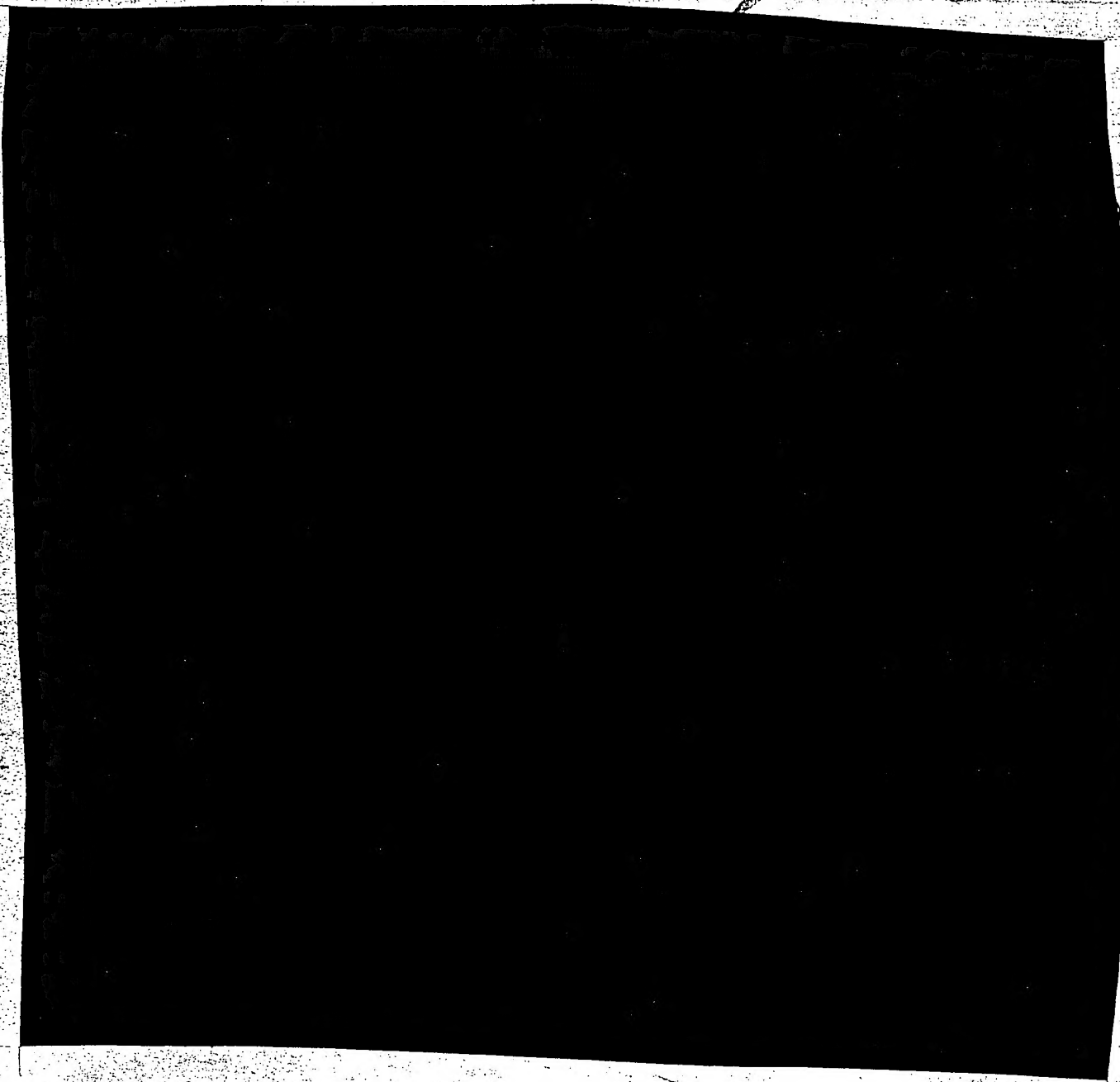
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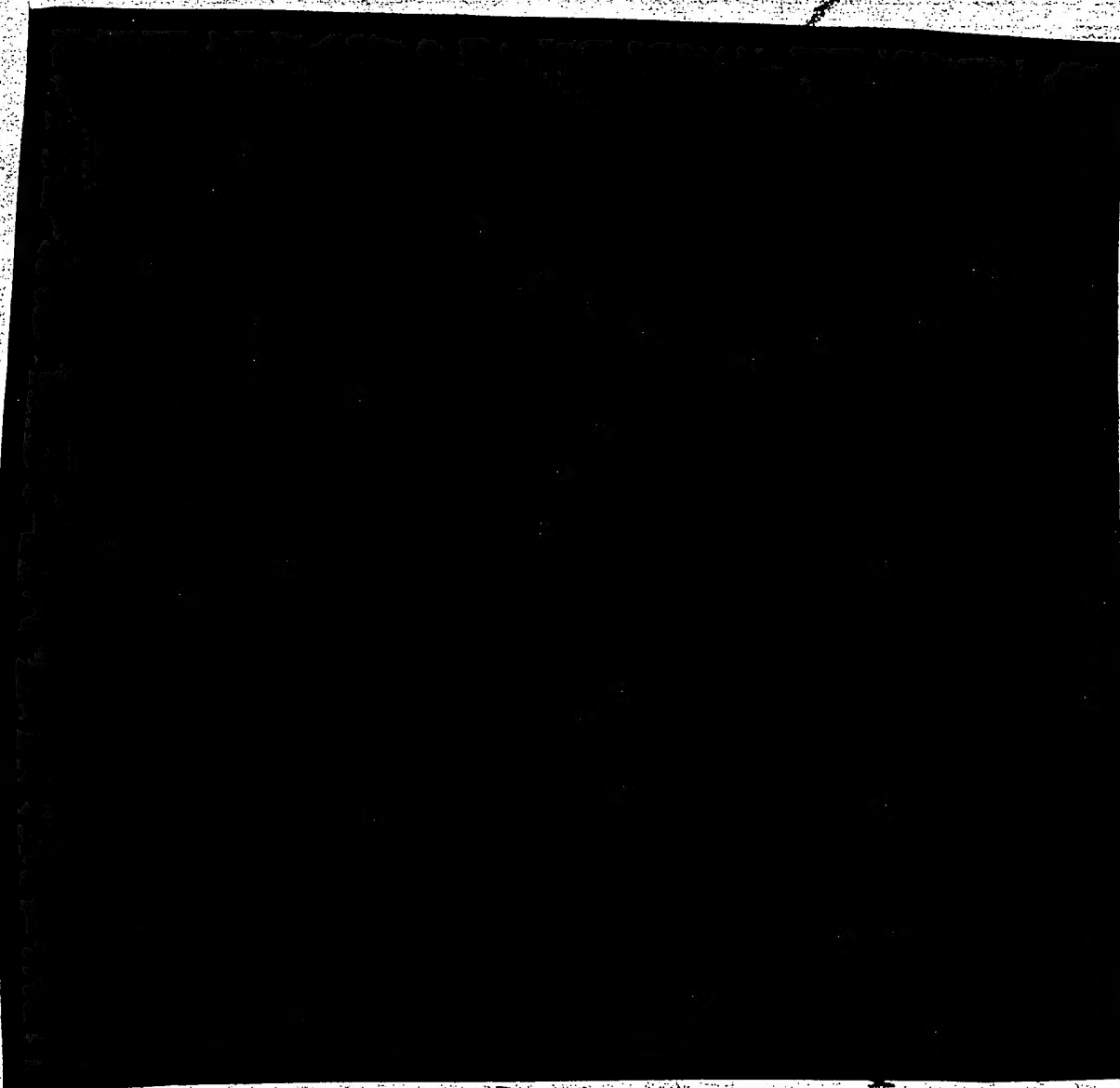
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USSR:

Party Endorses Gorbachev's US Policy

The theses or guidelines for next month's special All-Union Party Conference contain a strong endorsement of General Secretary Gorbachev's approach to Soviet national security policy, particularly his handling of summitry with the US.

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The theses released on Thursday criticize past "dogmatic and subjective attitudes" in Soviet foreign policy, saying that the emphasis on military competition had resulted in the USSR being "lured into an arms race" that slowed domestic progress. They call for international security to be maintained by political rather than military means and add that progress toward such a shift has increased "prospects for reducing the military burden." According to the theses, there has been a definite improvement in US-Soviet relations symbolized by the summit meetings, adding that significant breakthroughs occurred at Geneva and Reykjavik, especially the latter. They caution, however, that the USSR is not ignoring "the militarist danger that lurks in the essence of imperialism."

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The enthusiastic endorsement of Gorbachev's handling of US relations appears intended to demonstrate that he will have strong backing at the summit and that there is now a solid leadership consensus behind the summit process. The special praise for the Reykjavik meeting appears to be a vindication for Gorbachev, since there were clear indications at the time that some in the leadership, including "Second Secretary" Ligachev, had criticized Gorbachev's handling of that summit.

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The theses are the most clear-cut approval yet by the Soviet leadership of Gorbachev's efforts to use arms control and other political means to reduce defense spending. The reference to the continued danger posed by capitalism, however, suggests that the nature of the threat from the West is still being debated; Gorbachev had previously offered a somewhat more benign view of capitalism, suggesting that it might overcome its "militaristic" nature. By sharply criticizing the foreign policies of former General Secretary Brezhnev and calling for "new thinking" freed from "hackneyed stereotypes," the Soviet leadership is clearly encouraging a broader public debate about some of the basic premises that have determined Soviet policy toward the West.

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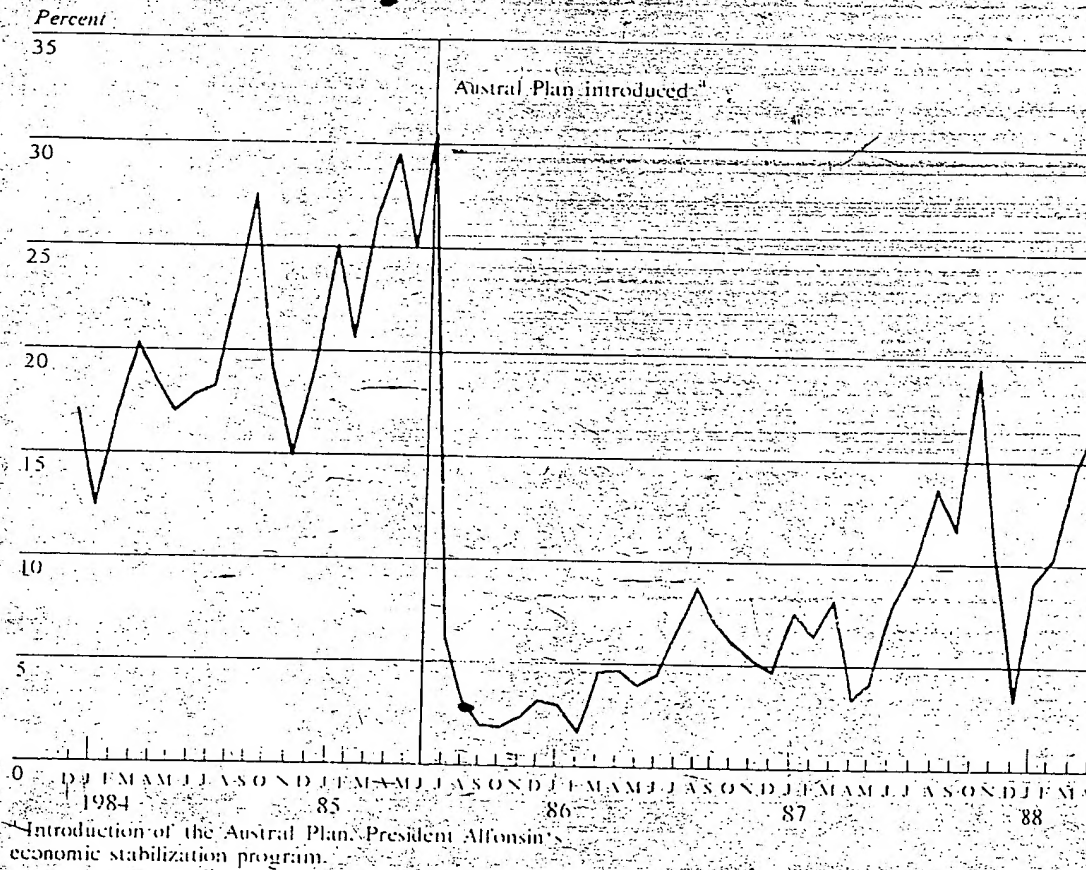
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Argentina: Monthly Inflation Under President Alfonsín



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ARGENTINA-US.

Alfonsin To Focus on Debt During Visit

Argentina's domestic and foreign economic situation is slipping badly, and President Alfonsin will almost certainly seek debt relief and new lending when he visits the US next week.

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Although Alfonsin will address the UN General Assembly's Special Session on Disarmament during his stay in New York, the primary focus of his visit appears to be economic. He plans to unveil a reform-oriented economic program in meetings [redacted] b (1), [redacted] b (3). In return, Alfonsin is likely to ask for lower interest rates and significant new lending. At least one major bank is threatening not to participate in a new 18-month loan package of \$2-2.5 billion unless Argentina unifies its exchange rates and expands its debt-capitalization program [redacted] b (3).

Argentina needs massive assistance because of its bleak financial situation. Last year's trade surplus dropped to \$490 million, down from \$2.1 billion in 1986. [redacted]

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[redacted] Buenos Aires may have missed its IMF economic performance targets for March, which would prevent the disbursement of funds from the IMF and banks that originally was slated for this month. [redacted] b (3)

Buenos Aires apparently has abandoned its goal of cutting the budget deficit as much as it had promised the IMF. [redacted]

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[redacted] Inflation was 17 percent for last month and may exceed 400 percent for the entire year; economic growth is stagnant. [redacted] b (3)

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[redacted] Alfonsin has been unable to follow up free market rhetoric with enough action to stem the ebbing confidence of the Argentine public and the bankers. His new plan probably will fall far short of the needed austerity and reforms and is unlikely to allay bankers' concerns. Lack of payment will probably force at least some banks to stop treating the interest due on Argentina's loans as income late next month, although an official debt moratorium is unlikely. [redacted] b (3)

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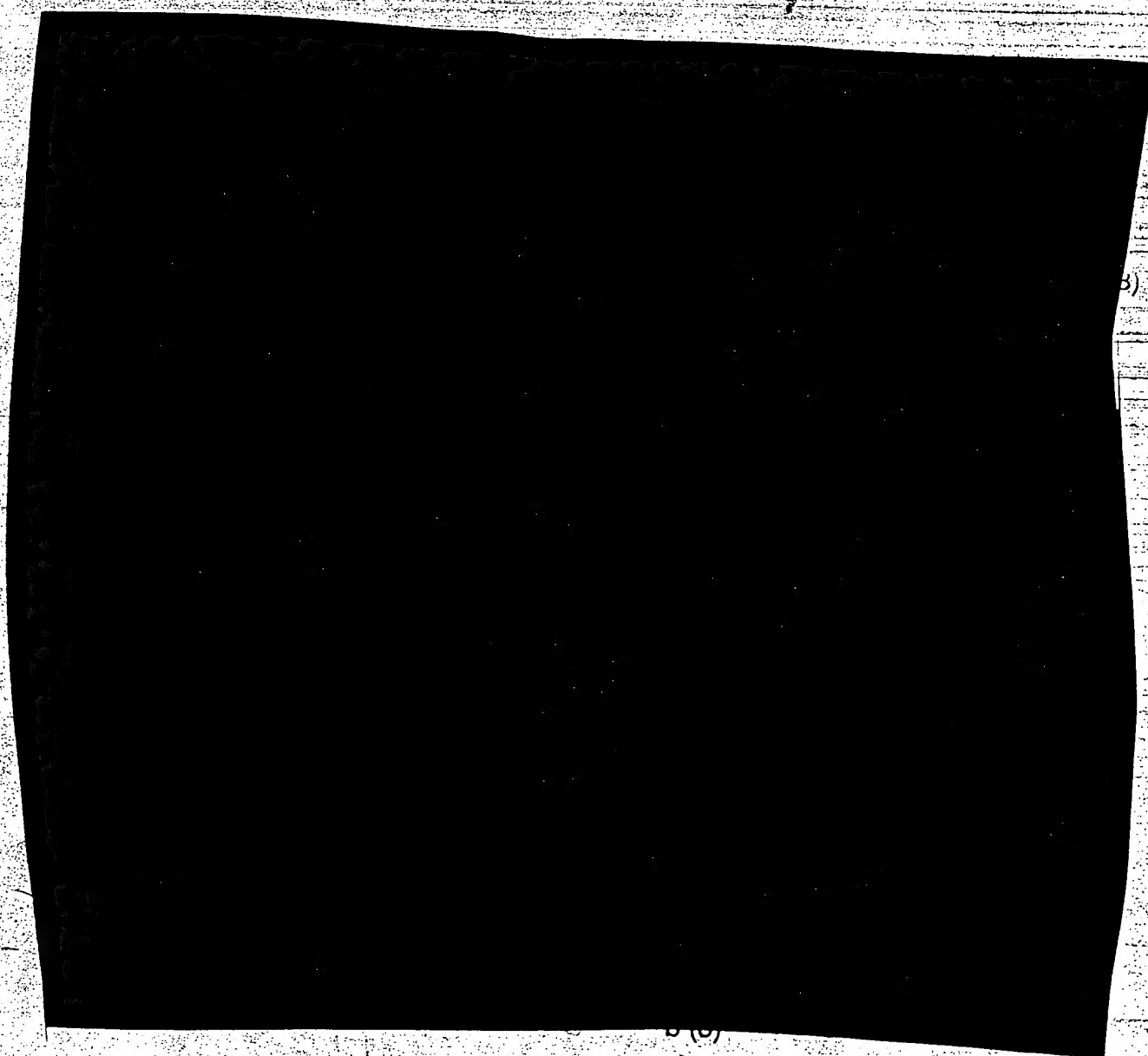
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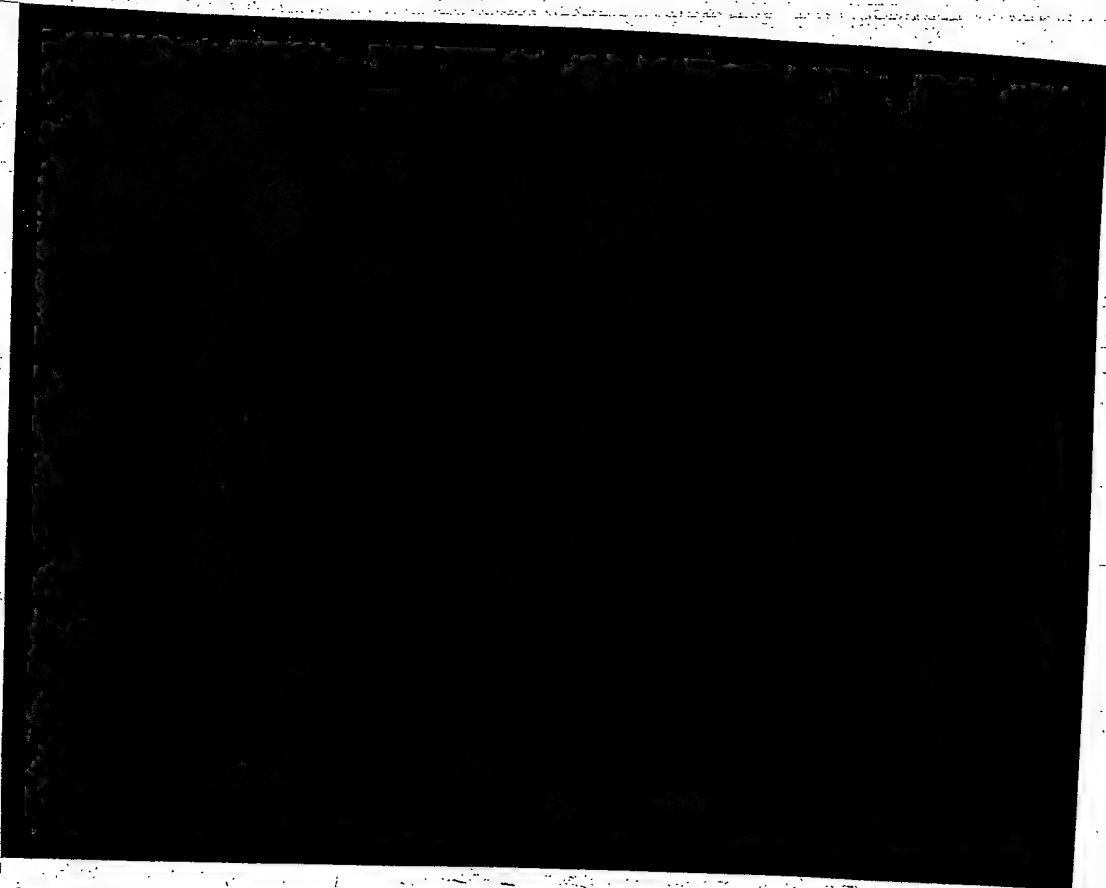
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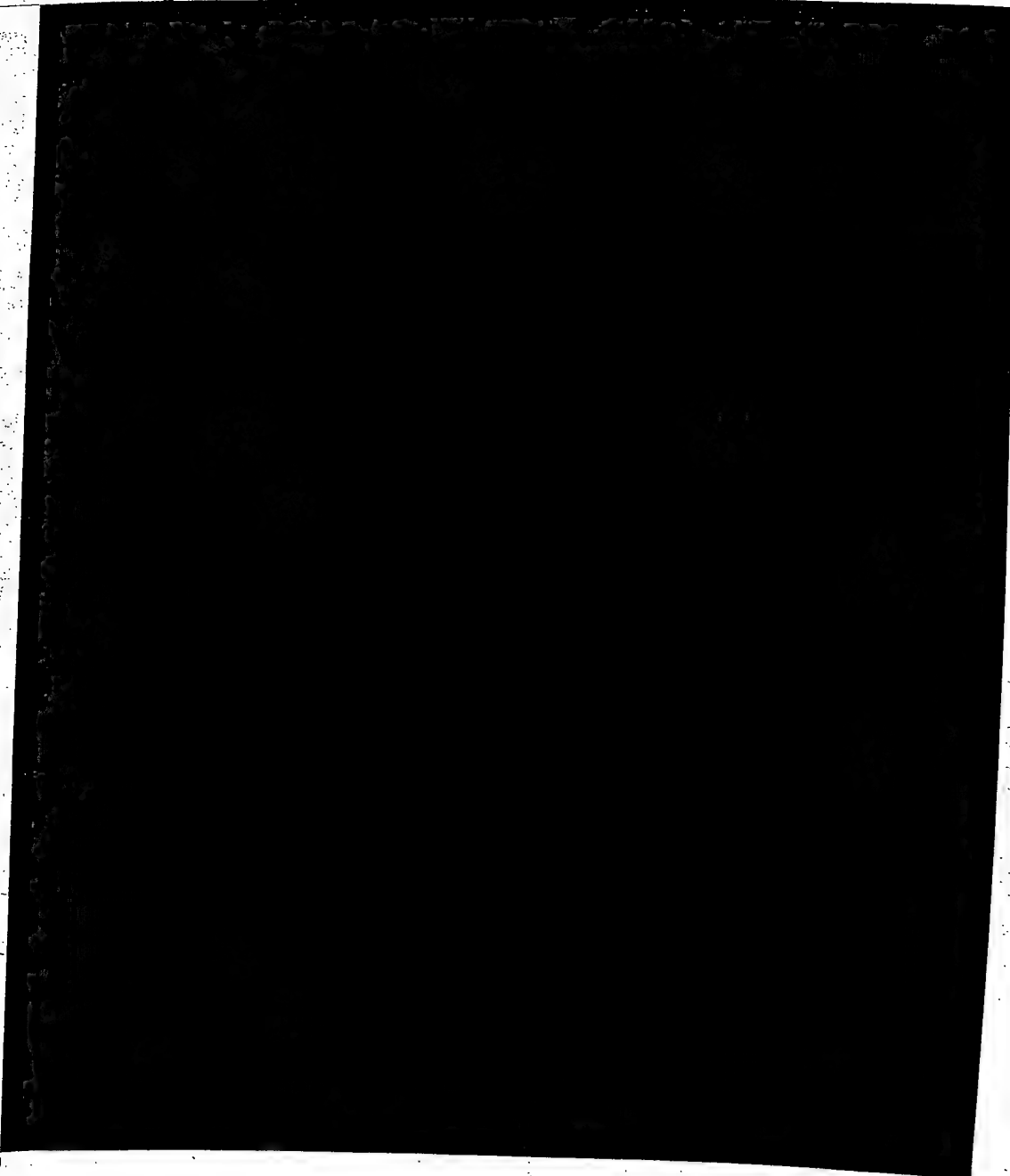
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LEBANON:

Implications of Syrian Deployments

Although the exact terms of the agreement leading to Syria's entry into Beirut's southern suburbs yesterday remain unclear, the Assad regime apparently intends to expand its presence to all of the suburbs. b (3)

Several hundred Syrian troops peacefully entered some areas of the southern suburbs yesterday, proclaiming that the war there is over; they will complete their deployments today. b (3)

The agreement between Syria and Hizballah stipulates unrestricted Syrian movement in the suburbs and a mutual return of captured Hizballah and Amal offices that are to be used only for political purposes. Hizballah will keep its military positions along the Green Line, according to press reports, possibly including a key barracks in Hayy Madi.

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Comment: Syria's first priorities are to stop the fighting, prevent further losses by its Amal ally, and restore Syrian credibility as the preeminent power in Lebanon. President Assad almost certainly hopes to use the presence of his troops to constrain Hizballah's freedom of maneuver and to increase Syrian leverage on the radical Shia. Assad will move gradually, however, to avoid violent clashes with Hizballah and to prevent a serious rift in his relations with Iran.

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Damascus would need substantially more troops than it has committed so far to control all of the suburbs effectively. If Syrian forces attempt to impose restrictions on Hizballah or to strengthen Amal's position, the likelihood of violent clashes between Syrian troops and the radical Shia will increase. As long as Hizballah maintains its positions on the Green Line and keeps open its newly established supply line from the anti-Syrian Christian Lebanese Forces militia, Syria's ability to rein in the radical Shia will be limited.

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LIBYA-CHAD:

Tactical Offer of Reconciliation

Libyan leader Qadhafi's recognition of the government of President Habre and statements expressing interest in a peaceful settlement with N'Djamena do not change Tripoli's long-term objectives in Chad.

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Qadhafi made his announcement this week during a speech marking the 25th anniversary of the founding of the Organization of African Unity. He said he was willing to meet with Habre and Chadian rebel leader Goukouni in Tripoli in an effort to bring about a national reconciliation. Qadhafi offered a "Libyan Marshall Plan" to rebuild war-damaged towns in northern Chad and announced that Libya would not again intervene in Chad. As a postscript, he unilaterally declared a resumption of Libya's relations with Kenya, Liberia, Zaire, Mauritius, Gabon, Senegal, The Gambia, and Ivory Coast.

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Qadhafi's announcement was a public relations gambit to seize the moral high ground and to deflect criticism at the OAU summit this week. His recognition of Habre, although not insignificant, simply acknowledges political realities in Chad; the gesture costs Tripoli little. On the core issues of sovereignty over the disputed Aozou Strip and the participation of Libyan-backed Goukouni in the Chadian Government, Qadhafi conceded nothing. Indeed, the "Marshall Plan" might provide a rationale for a Libyan presence in all of northern Chad.

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The OAU failed to resolve the border dispute at its summit, but Qadhafi's offer to meet with Habre and Goukouni is in line with OAU sentiment for a political solution to the conflict over the Aozou Strip, making it easier for Tripoli to resist efforts to submit the dispute to the International Court of Justice.

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Habre, while welcoming Libyan recognition, remains suspicious and has not committed Chad to any course of action vis-a-vis Libya. The Libyan announcement has put him on the defensive, and he will probably respond by restating his demand that Libyan troops leave the Aozou Strip before a settlement can be reached.

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Qadhafi's assertion of a restoration of diplomatic relations with the eight African countries likewise puts political pressure on them to accept Libyan diplomatic missions, but it is uncertain whether they will take up the offer. Kenya already has denied that it will do so.

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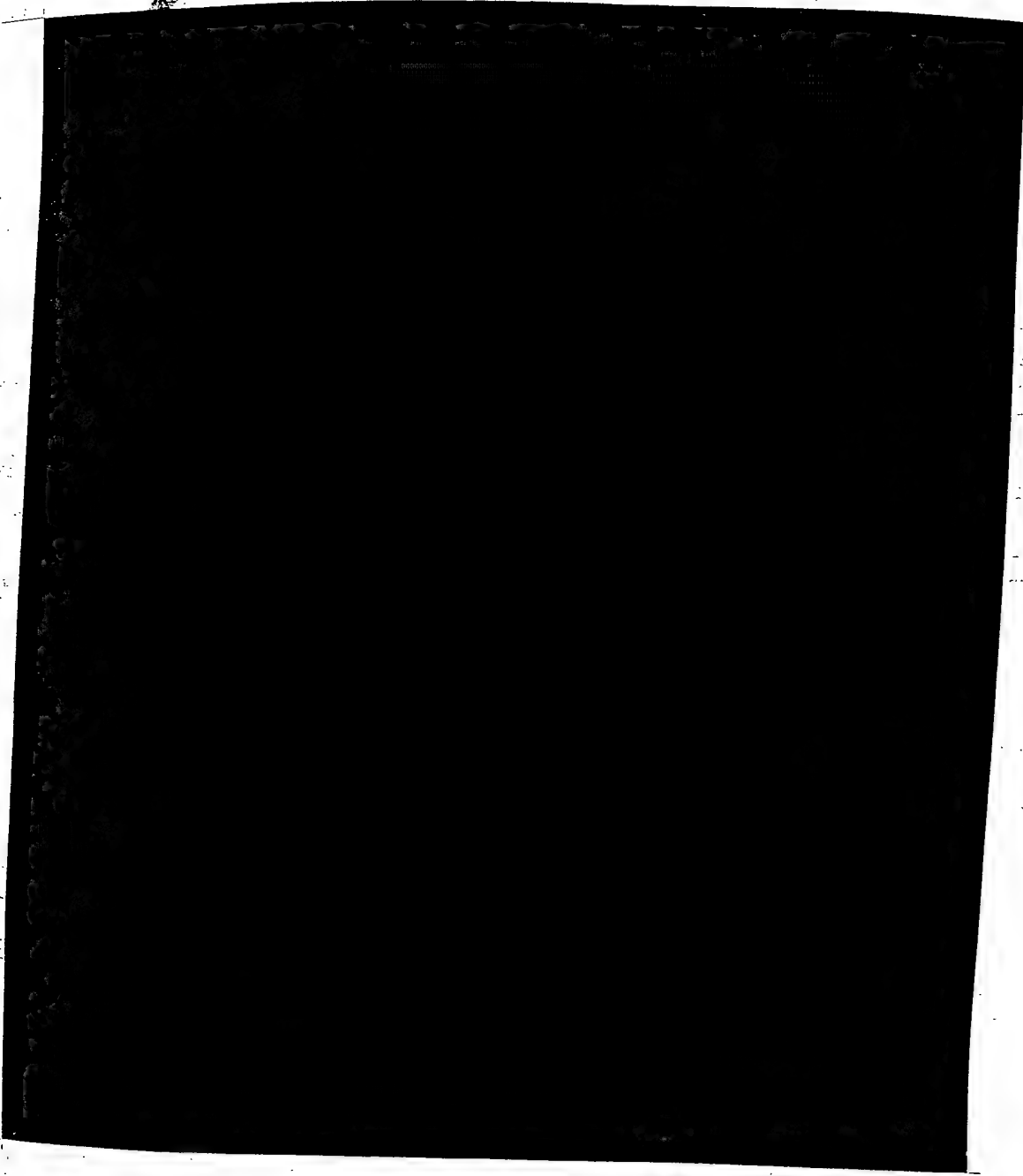
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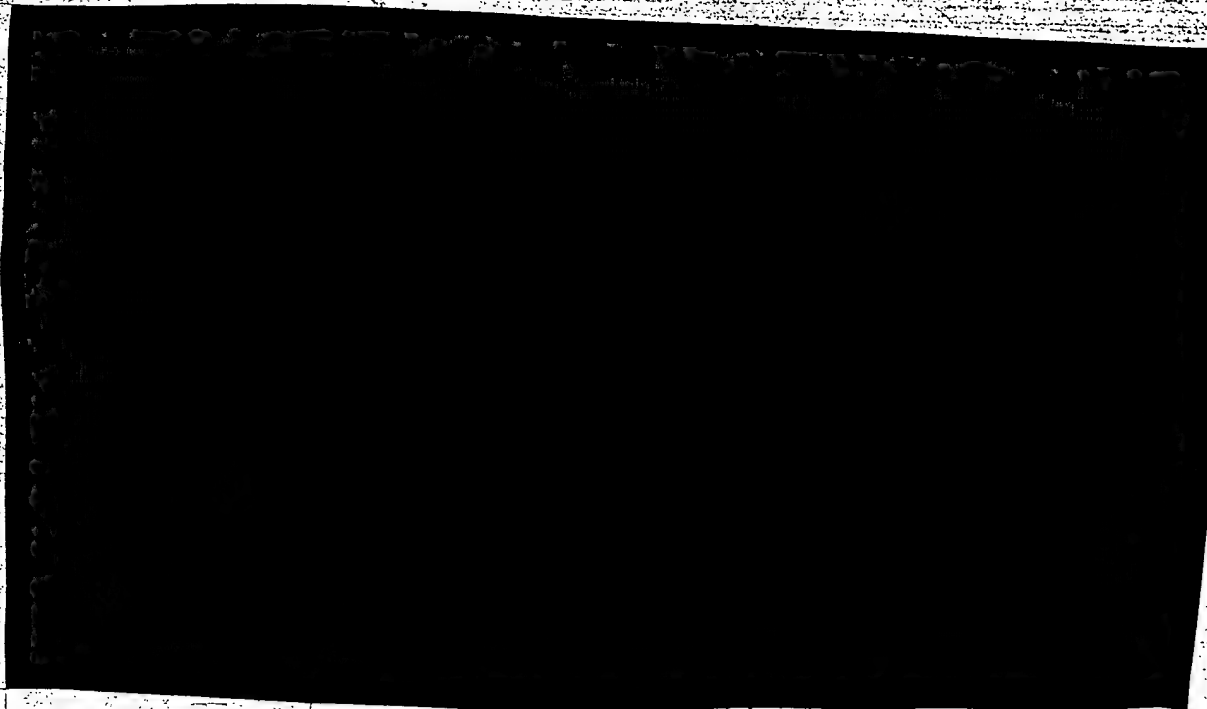
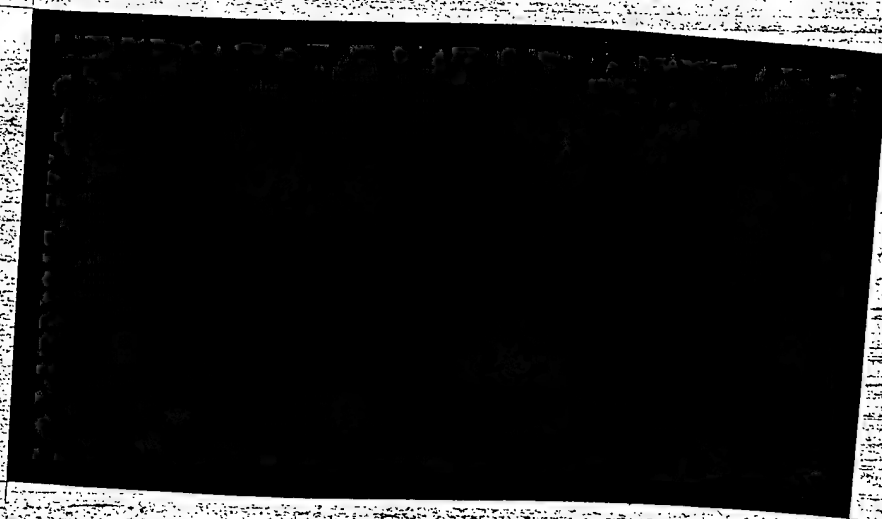
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ITALY: Local Elections

Local elections in Italy this weekend will provide an early measure of the popularity of the new DeMita government as well as test the ability of the Italian Communist Party to halt its electoral slide. Some 7 million of Italy's 46 million eligible voters will participate, with about 5 percent of the provinces, 40 percent of the major cities, and more than a thousand small towns at stake.

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GREECE-TURKEY: Rapprochement Back on Track

Detente between Greece and Turkey got an assist this week in ministerial-level meetings held in preparation for Prime Minister Ozal's trip to Athens next month. During the political committee meeting in Athens, each side agreed to drop its veto on NATO projects in the other's country, to cooperate in countering terrorism and drug smuggling, and to end visa requirements for each other's diplomats. They also signed an agreement to reduce frictions resulting from military exercises in the Aegean Sea. The economic committee meeting in Ankara pledged to work toward greater cooperation in trade, tourism, and industry.

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Ozal and Prime Minister Papandreu remain committed to the rapprochement they began at Davos in Switzerland in January, and the committees avoided any problem that would endanger plans for Ozal's historic visit.

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As a result, the committees focused on confidence-building measures. Ozal and Papandreu almost certainly anticipate addressing contentious issues, such as Cyprus, when they meet next month but probably want direct control of those discussions to put the best face on any concessions.

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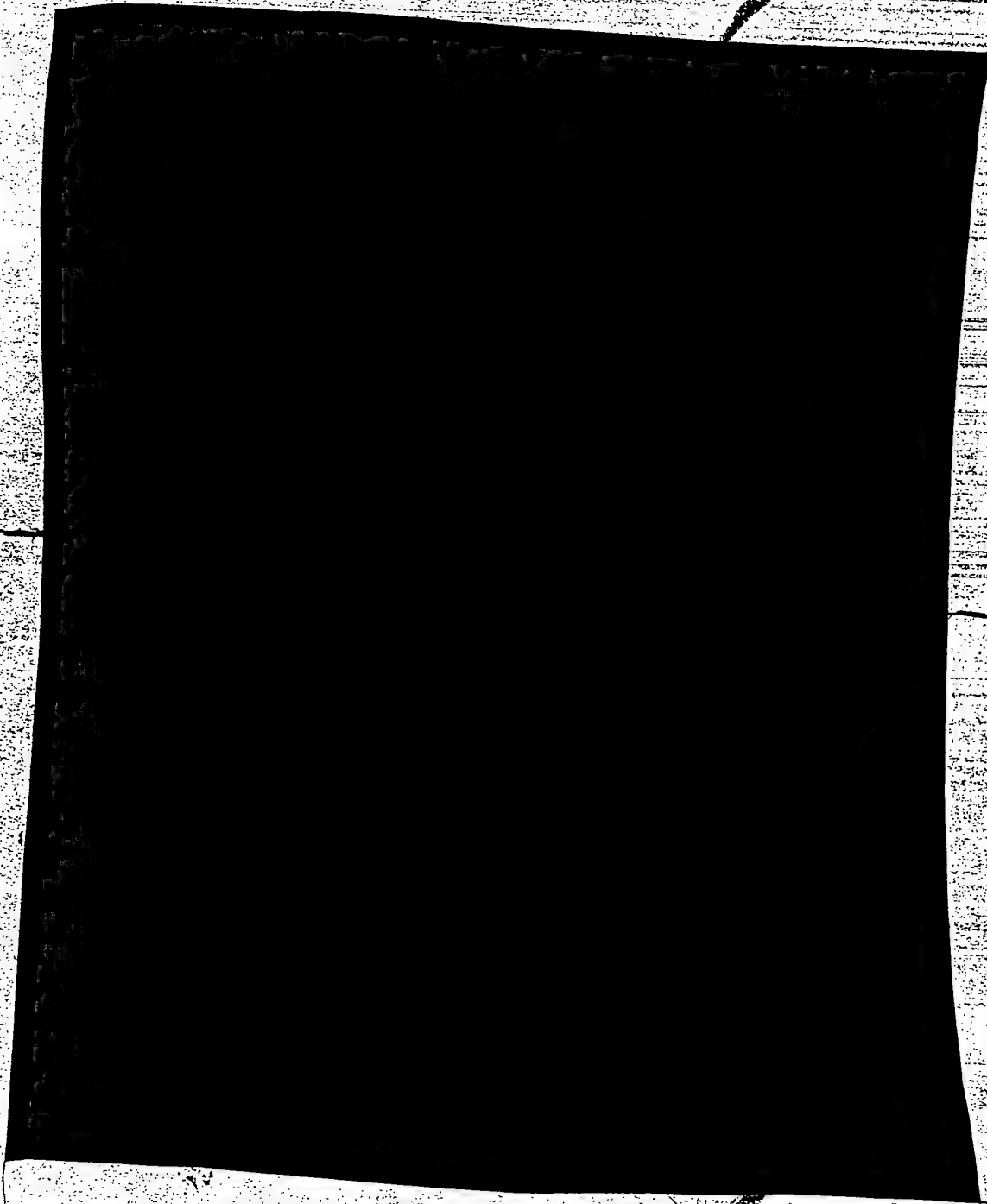
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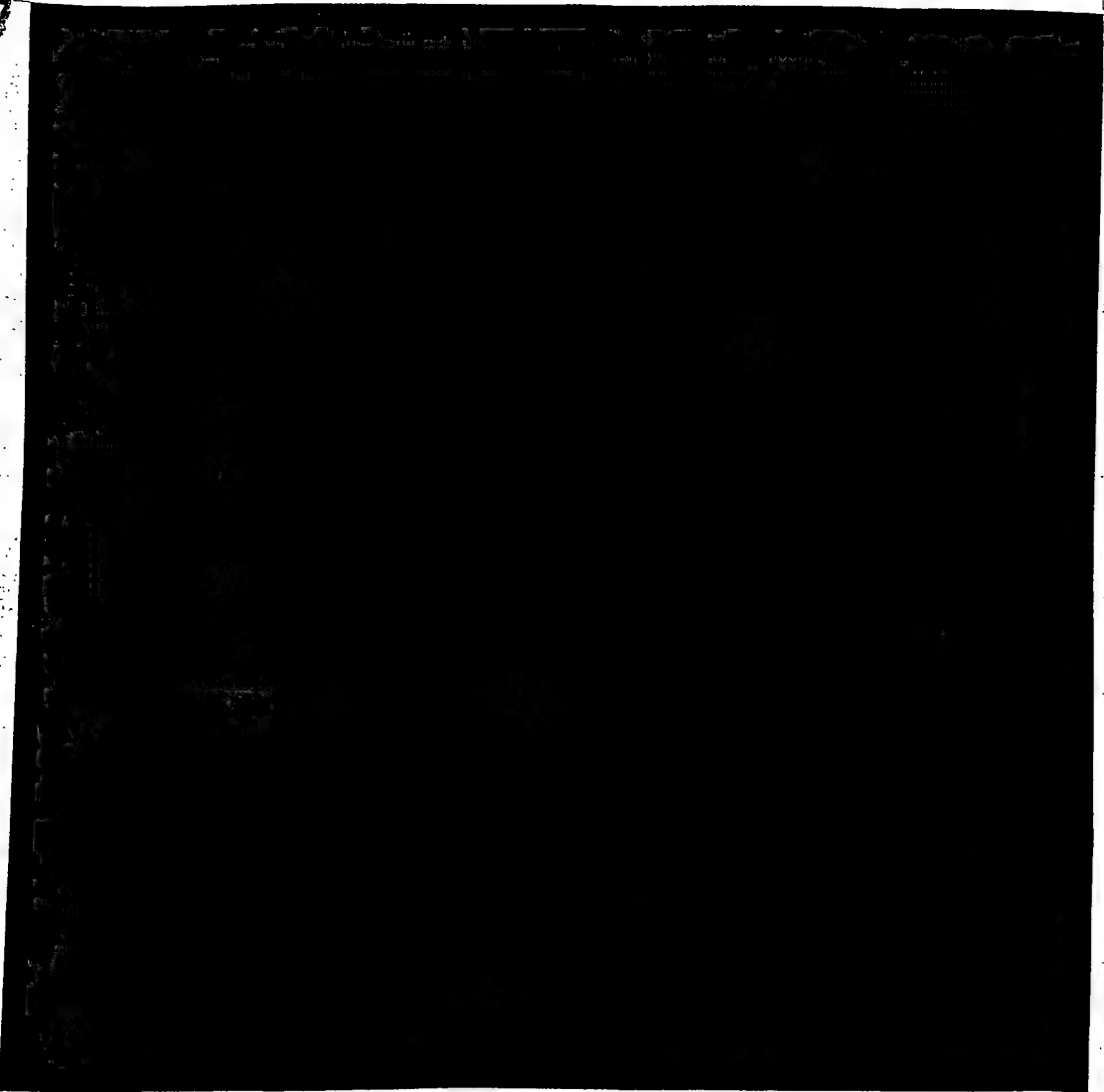
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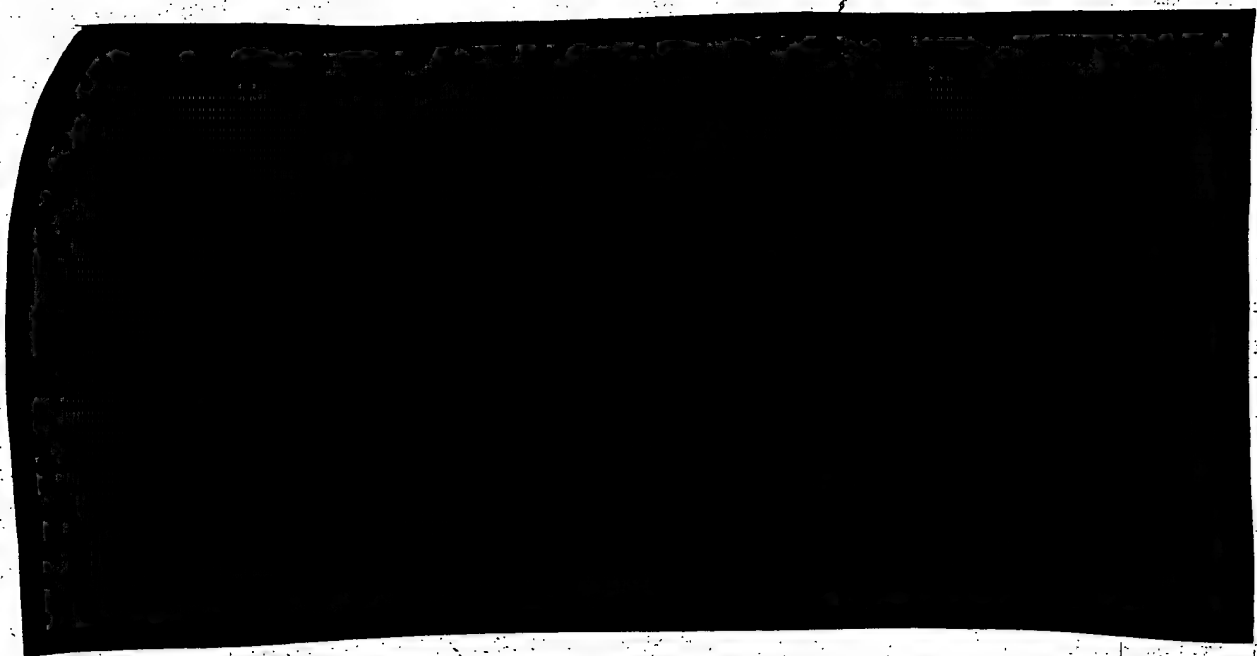


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PAKISTAN: President Zia Traveling to China

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Pakistani President Zia will arrive in Beijing Monday for a one-week state visit, his first to China since 1982.

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the talks will focus on Afghanistan but will also cover the US-Soviet arms control negotiations and China's relations with the US, India, and the USSR.

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Zia will not be shopping for military equipment but will ask about the prospects for upgrading Chinese-made aircraft with US-made avionics. Pakistan also hopes to reduce the bilateral trade deficit, which has already reached \$192 million this year.

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Pakistan considers China its most reliable ally. This trip marks Zia's first opportunity to confer with China's new President and Prime Minister. He probably wants to ensure that the two nations agree on strategy relating to Afghanistan after the Soviet withdrawal and to compare assessments of US, Soviet, and Indian relations with China and Pakistan. Zia may

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probing Beijing's willingness to provide further assistance to Pakistan's missile development program.

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In Brief

USSR

- Initial Soviet commentary on President Reagan's speech yesterday showed irritation about human rights issue . . . TASS accused President of "preaching," claimed Soviet constitution amended to embrace Helsinki Accords.

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- fiery debate held up new Soviet law on cooperatives until government agreed to lower tax rates on incomes of members of cooperative . . . striking departure for Supreme Soviet, USSR's rubberstamp legislature.

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- Swiss expelled Soviet science attache for efforts to collect technical data on advanced armaments, aeronautics . . . third Soviet diplomat expelled from Switzerland for industrial espionage in past two years.

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Americas

- Salvadoran President Duarte suffering from gastric ulcers with bleeding, according to spokesman . . . reportedly coming to US for tests . . .

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- Uruguay asking Cuba to recall ambassador for meddling in internal affairs . . . threatening formal ouster if refused. Havana likely to accede as Montevideo pledges to support Cuban bid to join UN Human Rights Commission.

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Europe

- Election tomorrow in Catalonia seen as harbinger of Spain's national election, within two years . . . Catalan nationalists should increase majority . . . Socialists of Prime Minister Gonzalez likely still second with rival Conservatives biggest loser.

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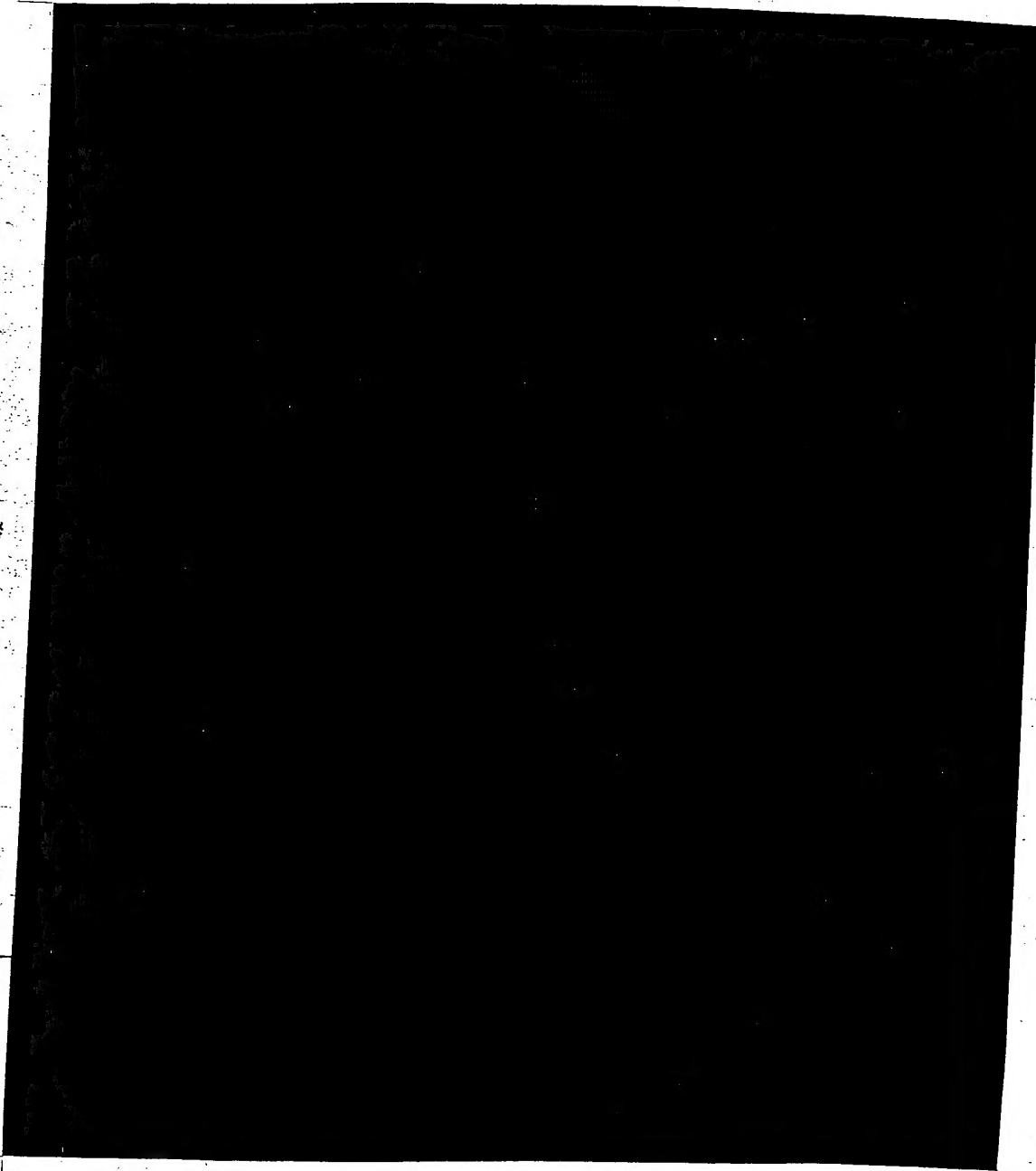
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Special Analysis

USSR:

Emerging Antinuclear Lobby

An active antinuclear "lobby" seems to be gaining strength in the USSR. It is loosely organized and geographically dispersed but has successfully challenged the nuclear power program, causing delays or actual cutbacks in plant construction. The lobby has also provoked what promises to be a protracted struggle between advocates and critics of nuclear energy. b (3)

Since April 1987, pressure from inside and outside the Soviet nuclear industry has led to the cancellation or suspension of 10 projects involving 25 reactors—about 20 percent of the USSR's nuclear power plant capacity scheduled to be built by the year 2000. Unprecedented criticism notwithstanding, the industry is not facing a crisis. New capacity has grown 23 percent since the accident at Chernobyl' in the Ukraine in April 1986, electricity output from nuclear power is growing, and critics have not shut down any operating nuclear power plants.

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The industry's managers, however, are on the defensive, and continued opposition would handicap the planning and construction of projects for the 1990s. Currently, the critics have focused their efforts on plants being constructed near major cities, earthquake-prone areas, reservoirs, and heating plants. The situation would get worse for the industry if critics were to broaden their attacks to include other plants on the drawing board and plants now operating. Some 19 additional projects seem particularly vulnerable to criticism on grounds of safety and location; they constitute about 5 percent of operating capacity and 30 percent of the projects scheduled to be built by the year 2000.

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Public opposition to nuclear energy is emerging in several areas of the country. Spurred by the Chernobyl' accident, an antinuclear lobby coalesced first in the Ukraine, where it pressed authorities to halt the construction of several projects and continues to seek limits on the expansion of nuclear energy in the republic. Opponents have also had successes elsewhere, and plans for power plants in Armenia, Belorussia, and Lithuania as well as in parts of the Russian Republic have been cut back or discarded.

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These critics have become increasingly vocal under *glasnost*—particularly in local and cultural publications—and have organized themselves into informal, unofficial coalitions representing party officials, academic and scientific institutions, and the community at large.

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USSR: Key Elements in the Nuclear Energy Debate

Moscow's overall energy balance will be crucial. The regime would be more likely to yield to antinuclear arguments if energy supply meets demand, but any shortage is likely to stiffen resistance.

The level of nationalist unrest and the regime's reaction will also be keys. Many nuclear power plants are located in non-Russian areas, [REDACTED]

[REDACTED] A broad coalition of experts and officials who made reasonable criticisms of the nuclear program would be difficult for Moscow to ignore. If nationalist unrest escalates, however, the regime will crack down, even on moderates like most of those in the antinuclear movement. b (1) b (3)

- General Secretary Gorbachev's efforts to restructure and democratize the party and public life will also have an indirect, but vital, bearing on the outcome. Reforms that produced a party and government structure more responsive to public demand would undercut unofficial lobbying groups. If conservatives block reform, however, those who distrust the critics, such as managers in the nuclear industry and local officials, will be encouraged to resist demands from the antinuclear groups.
- Who wins a battle for power now in progress among the various bureaucracies in the nuclear program will affect the nuclear industry. If those responsible for assuring safety gain influence and independence—the State Committee for Nuclear Safety, for example—the critics will probably gain a more sympathetic hearing.
- The industry's safety record will be a factor. Technical analysis indicates that the risks of a major accident in operating reactors is much greater than in comparable Western reactors. If the industry improves safety by taking steps the critics consider necessary, opposition will rapidly decline. Nonetheless, another major accident or even a pattern of gross safety violations would bring the critics increased support, perhaps even prompting industry experts to join antinuclear groups.

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The struggle between advocates and critics of nuclear energy is likely to drag on for the next few years and may grow if the atmosphere of *glasnost* continues unabated. The course of the debate will be greatly influenced by several interrelated factors:

- Stability of the balance in overall energy, specifically whether supply will meet domestic demand and export commitments.
- The regime's sensitivity to nationalist sentiments in protests against nuclear projects.
- The status of efforts to open up party and public life.
- The outcome of bureaucratic struggles in the nuclear industry.
- The industry's ability to improve its credibility on safety enforcement. ~~██████████~~ b (3)

In the current political and economic situation, the regime is likely to pursue a policy of compromise between the critics and the industry. Moscow already appears to be moving in this direction by shelving the most sensitive or controversial projects while trying to improve safety and to maintain an overall commitment to nuclear power.

- Very few operating plants are likely to be closed because doing so would cause a myriad of problems in Moscow's short- and long-term energy plans and raise questions about the reactors the USSR has delivered to its allies and sold elsewhere.
- A forceful crackdown on the critics is similarly unlikely, as it would fly in the face of *glasnost* and strengthen nationalist as well as environmentalist opposition. ~~██████████~~ b (3)

The controversy over nuclear power will influence decisions during a key period of energy policy making. By 1995 the effect of projects already canceled will be felt, making the emergency planning of replacement projects necessary. Moreover, decisions taken in the next few years will be critical for nuclear power in the 1990s and beyond. Energy planners are now framing the next five-year plan and will need high-level guidance on allocations to new nuclear construction and safety improvements and on how much to rely on fossil fuels and conservation. ~~██~~ b (3)

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